PRIVATIZATION AND PARTNERSHIPS

SUPPORTING OUR SOLDIERS AND FAMILIES THROUGH PRIVATIZATION

William A. Armbruster
DASA for Privatization and Partnerships (I&E)

May 25, 2004

PRIVATIZATION & PARTNERSHIPS

INSTALLATIONS AS FLAGSHIPS -- Enhance Installation ability to project power a families

- Privatization of Army Lodging
- Residential Community Initiatives
- Utilities Privatization
- Historic Properties
- Business Initiatives

Community Center Sketch
Picerne Military Housing
Fort Bragg, North Carolina

PRIVATIZATION OF ARMY LODGING (PAL)

WHY PRIVATIZE? → → →

- 80% of lodging requires replacement o
  major renovation
- Un-funded bill to fix lodging = $1B+
- PAL consistent with Leadership direction to
  transfer non-core functions and business risks to private sector

PROCESS / ESTIMATED BUDGET IMPACTS

- Capitalize on RCI processes, successes and legislative authorities
- Obtain private sector expertise, creativity and c
  revitalize transient lodging
- Anticipate room rate increases to 75% of lodging
  per diem

GOAL: Privatize all CONUS transient lodging by 2011

WHY ARMY PRIVATIZED FAMILY HOUSING

- **Chronic under-funding; housing deteriorating and deficit increasing**
  - **70% of housing needed replacement or major renovation**
  - **Army needed an additional $7B to correct conditions / deficit problems**
- **1996:**
  - **The Military Services sought Congressional help**
  - **Congress passed the Military Housing Privatization Initiative**

BEFORE / AFTER AT FORT HOOD

5,622 HOUSES TRANSFERRED TO PARTNER OCT 2001

Status

- **Out of 290 deficit, 290 built**
- **935 replacements / major renovations completed**

UTILITIES PRIVATIZATION -- OVERVIEW

- **Owning / operating / maintaining utilities systems is not a core Army competency**
- **Privatization is preferred investment strategy to re-capitalize utilities (electric, natural gas, water, wastewater) systems**
  - **Systems are old and obsolete**
  - **Funding has not kept pace with changes in technology and regulations**
- **Takes advantage of private sector capital and expertise**

Result -- Safe, Reliable and Efficient Utilities

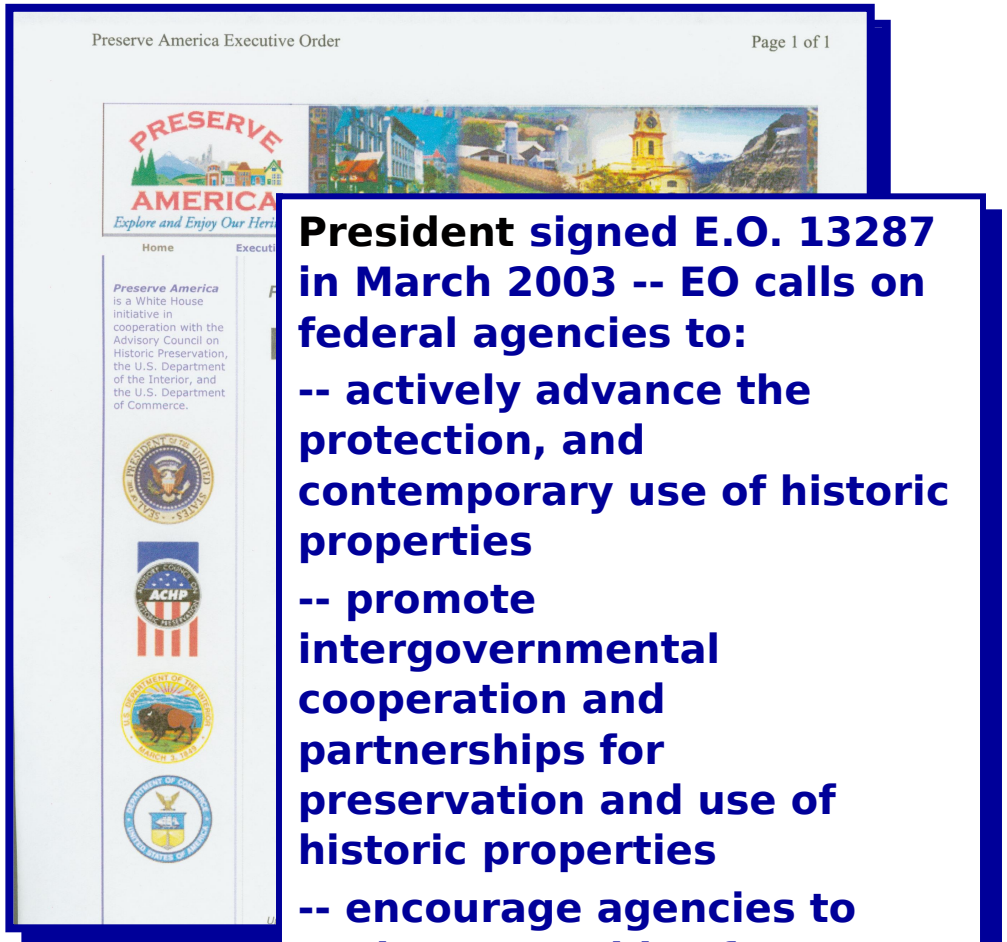
UTILITIES PRIVATIZATION
STATUS

Japan and Korea
- 128 systems exempted
- 0 privatized

Europe:
- 589 systems
- 226 privatized

US:
- 351 systems
- 116 completed
  - 89 privatized
  - 27 exempted
- 104 underway
- 131 remaining

ARMY-COMMUNITY HERITAGE PARTNERSHIPS


Preserve America Executive Order
Page 1 of 1
PRESERVE
AMERICA
Explore and Enjoy Our Heri
Home
Preserve America is a White House initiative in cooperation with the Advisory Council on Historic Preservation, the U.S. Department of the Interior, and the U.S. Department of Commerce.
ACHP

President signed E.O. 13287 in March 2003 -- EO calls on federal agencies to:

-- actively advance the protection, and contemporary use of historic properties

-- promote intergovernmental cooperation and partnerships for preservation and use of historic properties

-- encourage agencies to seek partnerships for economic development and other benefits

- **<u>Vision</u>: Army partners with National Trust for Historic Preservation National Main Street Center to provide expert consulting services to local community.**
- **<u>Goals</u>: Enhance heritage tourism potential and improve downtown historic district vitality to provide desirable services to the Army "family" -- Active duty, civilians, dependents, retirees, and visitors.**
- **<u>Locations</u>:**
  - **USMA & Highland Falls**
  - **Ft Leavenworth & Leavenworth**
  - **Ft Benning & Columbus, GA**

PRIVATIZATION INITIATIVES
ARMY / DOD BUSINESS INITIATIVES COUNCIL

- **Municipal Services Partnerships (**
- **Barracks Programmatic Agreemer**

- **Retain Security Guard Contracting**
- **Property for Conveyance**

THE FUTURE -- UNACCOMPANIED PERSONNEL HOUSING (BARRACKS) PRIVATIZATION

WHY CONSIDER PRIVATIZING?

- Opportunity to consider whether benefits of RCI privatization are applicable to UPH

MAJOR ISSUES

- Mandatory assignments cause up-front OMB scoring; makes UPH RCI unaffordable
- Availability of MPA BAH funds
- Consequences of deployments on Soldier BAH entitlements

GOALS

- Study / resolve policy issues -- propose policy changes as necessary
- Conduct due diligence and additional feasibility studies
- Program resources to implement, if initiative viable

OUR MILITARY

PROTECTING THE AMERICAN DREAM

P&P ALLOWS THE MILITARY FAMILY TO LIVE THAT DREAM